



Trends and Implications for the **MAINE WORKFORCE**



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Summary

Technology innovation, globalization, management restructuring and changing demographics have altered the Maine economic landscape over the last 50 years. Once primarily known for its natural resource-based industries and labor intensive manufacturing, the Maine economy of today is made up of a diverse array of industries and jobs. The relentless pace of change has caused significant adjustments for many communities and regions across the state. Maine's workers have often borne a considerable brunt as economic adjustments have led to job and income loss. Through it all, the Maine economy has continued to grow and the workforce has become better educated and more highly skilled. However, more formidable challenges for workforce development lie ahead.

One of the most serious challenges is the changing composition of the Maine workforce. Slow population growth and an aging population are rapidly shaping the workforce of tomorrow. Baby boomers, born between 1946 and 1964, not only entered the workforce in record numbers but also with the most education and training. This age group is now approaching retirement and expected to vacate large numbers of jobs including thousands of jobs offering high pay and requiring advanced skills. Ensuring a steady supply of qualified workers remains fundamental to economic growth and sustained prosperity.

Enrollments in Maine schools have shown a steady downward trend reflecting persistent low birth rates. In-migration also has not added appreciable population with the exception of new residents moving to southern and coastal counties. Unlike many other parts of the U.S. where population and labor force growth is more robust, Maine has not attracted large numbers of foreign born residents or ethnically and racially diverse populations. While labor force growth is being challenged, there are opportunities within reach. Significant numbers of young people are out of school and out of work. More individuals with disabilities could add to Maine's labor force. A growing pool of senior workers may be seeking some form of labor force attachment in their traditional retirement years.

In the years ahead, the Maine economy will continue to create and destroy jobs at an accelerated pace. While it is difficult to predict precisely what jobs will be created and lost, we can be certain that these dynamics will remain a significant force in the labor market. The size and composition of firms in Maine is changing as well. Jobs lost in Maine's natural resource-based and manufacturing sectors with large plants are being replaced by new jobs in the health care, business and professional services, and retail sectors and an assortment of emerging industries typically in smaller establishments.

Across the spectrum of jobs, the knowledge, skills, and abilities needed to perform them is going up. More workers must demonstrate higher levels of literacy, technology proficiency, and self management to function successfully in the workplace. The transformation of Maine workplaces has deep implications for Maine schools as students must become better equipped with solid academic skills to support their challenge as lifelong learners.

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Some regions of the State will be at greater risk than others as those industries most susceptible to globalization, technology innovation, and management restructuring are most likely to suffer shut downs or employment dislocations. Past experience has demonstrated that Maine communities and workers can be remarkably resilient. Stories abound about how Maine workers have moved successfully from shoe factories and paper mills to hospitals and laboratories. These challenges will continue as employment forecasts call for more economic dislocation and regional adjustments.

Key Workforce Challenges and Policy Emphasis

Powerful demographic and economic forces are converging with profound implications for Maine labor markets and the workforce. These impacts will become more pronounced in years ahead as the effects of slow population growth, an aging workforce and anticipated retirements of baby boomers begin to occur. Policymakers must align a comprehensive workforce development strategy with economic development aspirations to ensure continued growth of the Maine economy.

The Governor has put forth an economic development strategy that includes significant emphasis on mature industry clusters including forest products, marine-related activities, niche manufacturing and tourism. Intensive attention is also being placed on emerging industries including biotechnology, biomedical research, financial services, and radio frequency identification. Recognizing the extraordinary role of the workforce in driving the growth of Maine's economy, the Governor has organized a Workforce Cabinet to focus on the integration of human capital investments and workforce development. This Cabinet includes the Commissioners of Education, Economic and Community Development, the President of the Community College System, the Chancellor of the University of Maine System and is Chaired by the Commissioner of Labor.

The Workforce Cabinet along with Maine employers, economic development officials, education and training leaders and all those charged with shaping Maine's future must focus their attention on the following key issues:

Slow Population Growth and the Aging Workforce. We must ensure that all Maine people who wish to be employed are prepared with the education and skills that permit them to work, earn a good living, and advance their careers. Slow population growth, the aging of the workforce, and the out-migration of young people have prompted policymakers to place greater emphasis on retaining and attracting youth and skilled workers to support future economic development. At the same time, solid prospects for economic development in Maine and the increasing need to fill jobs vacated by retiring baby boomers will create more opportunities for skilled employment and rewarding careers over the next 10 years. For Maine's economy to grow and living standards to rise, we must be able to provide a workforce including a variety of previously disenfranchised groups with the needed talents and skills that permit them to compete in more demanding labor markets.

Changing Composition of Business and Industry. We must strive to effectively reposition Maine workers and communities from maturing industries that are losing

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employment to emerging ones that are adding jobs. We have witnessed profound shifts in the composition of business and industry over the last twenty years. The fast pace of technological change and the forces of global competition will continue to impact the composition of business and industry and types of employment generated by the Maine economy. Most pronounced is the decline in the number of firms and the loss of jobs in traditional manufacturing. Shoe shops, textile mills, wood products companies and paper mills once dominated regional economies. While some industries such as shoes and textiles have nearly disappeared from the State, others such as the paper industry have been transformed, producing significant output but with substantially fewer employees. At the same time, new jobs are being created as business expansion takes place and new sectors emerge including what has been termed the "creative economy." Health care, business services, and tourism are adding jobs. Stepped up investments in research and development will also impact future job creation.

Occupational Shifts and New Skill Requirements. Increasingly, occupational qualifications are short lived. Therefore, we must assist Maine workers to adapt more rapidly to changing work requirements so they remain highly qualified. Along with the changing composition of employment have come vast changes in the kinds of occupations and careers available to Maine workers. We have witnessed the introduction of new occupational titles and profound transformation in the skills requirements for occupations still described in traditional ways. Furthermore, traditional employment practices and career paths have been altered dramatically. The bold changes taking place require that we better guide young people emerging to join the workforce as well as thousands of established workers who must move from one job to the next. The articulation of relevant education and skills standards remains our most potent force for economic development.

Regional Disparities. We must assist regions where economic activities are stagnant or declining to gain new vitality and economic competitiveness. In other regions where economic growth is rapid and jobs are abundant, we must ensure that disenfranchised populations are provided with opportunities to participate and improve their living standards.

The impact of economic restructuring continues to be felt unevenly across the State of Maine. In certain regions, where one employer or industry has been historically dominant, the closing of the plant or significant workforce reductions in the industry have created severe worker dislocations and formidable economic challenges. We have now witnessed repeatedly that Maine communities and workers are resilient, managing to make adjustments when given the tools.

Since closing in 1994, Loring Air Force Base has been transformed, spawning new industries and replacing the number of civilian jobs lost. As the data shows, thousands of other Maine workers hit with plant closing and workforce reductions have been able to make adjustments to new jobs and careers. The adjustments are sometimes painful, demanding sacrifice and creating setbacks for workers. Still, there are important signs pointing to the resiliency and the adaptability of the Maine workforce.

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